

United States Circuit Court of Appeals

FOR THE NINTH CIRCUIT

RIVERSIDE HEIGHTS ORANGE
GROWERS ASSOCIATION AND
GEORGE D. PARKER,

Appellants,

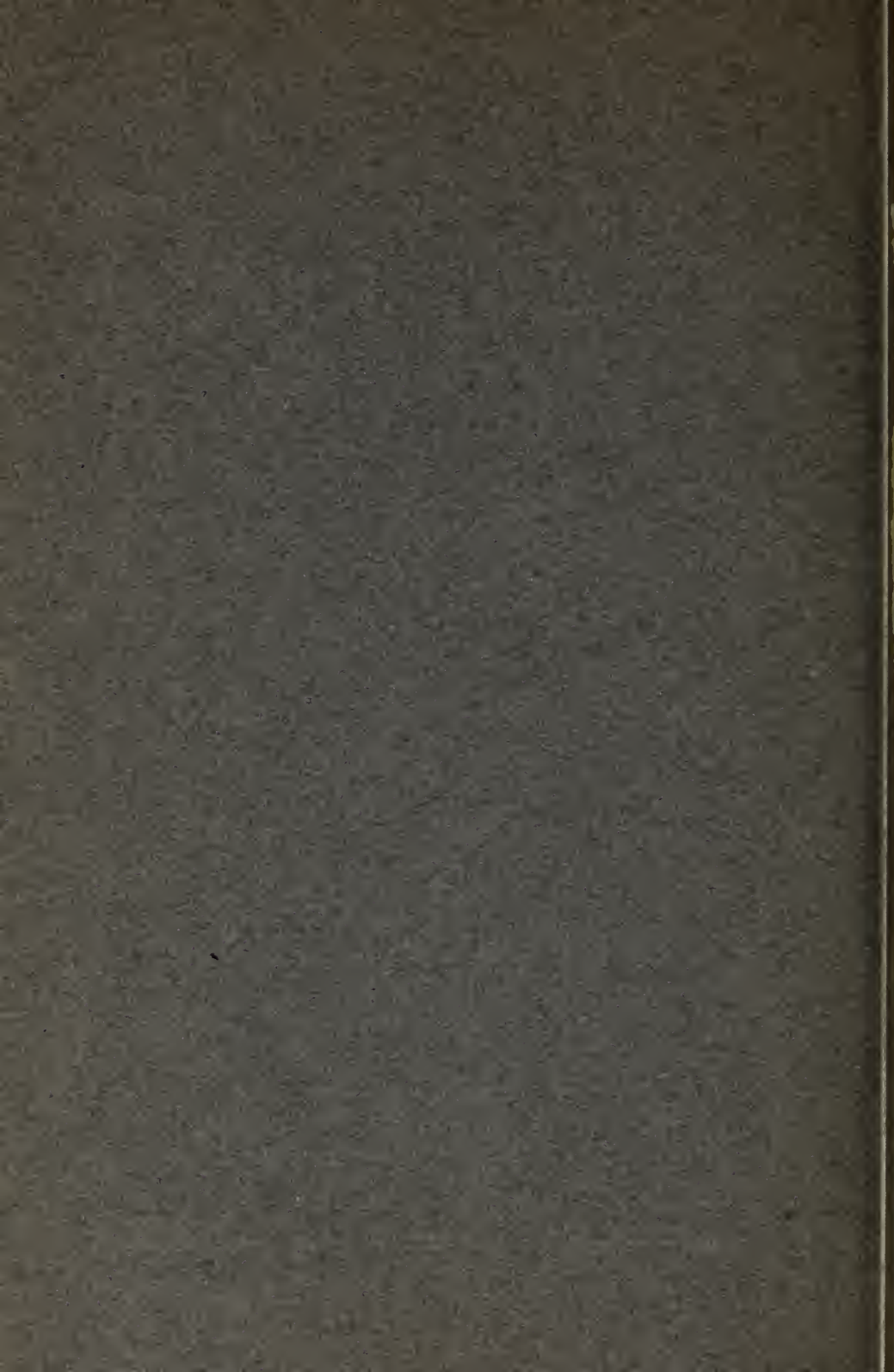
vs.

FRED STEBLER,

Appellee.

APPELLANTS' BRIEF

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IN THE

United States Circuit Court of Appeals

FOR THE NINTH CIRCUIT

RIVERSIDE HEIGHTS ORANGE
GROWERS ASSOCIATION AND
GEORGE D. PARKER,

Defendants, Appellants,

vs.

FRED STEBLER,

Complainant, Appellee.

In Equity
No. 2772

BRIEF OF APPELLANTS, RIVERSIDE HEIGHTS ORANGE GROWERS ASSO- CIATION AND GEORGE D. PARKER.

This case comes before this court on an appeal from the final decree made and entered in the above entitled suit on the 30th day of October, 1915, by the District Court of the United States for the Southern District of California, Southern Division, affirming the Master's report and granting, allowing and awarding judgment against the Riverside Heights Orange Growers Association and George D. Parker herein, as set forth in the said decree.

For an understanding of the issues involved in the present appeal it is deemed advisable to give a brief

history of the litigation to the time of the entry of the final decree.

The suit in the lower court was an action for infringement of United States Reissue Letters Patent No. 12297 granted Robert Strain under date of December 27, 1904, for an Improved Fruit Grader, the same being a reissue of original Letters Patent No. 730412 granted June 9, 1903, said original Letters Patent and the Reissue Letters Patent having been duly assigned and transferred unto Fred Stebler, complainant to said action, the Bill of Complaint in said action having been filed on the 24th day of May, 1910. Answer was duly filed, testimony taken and final hearing had before his Honor Olin Wellborn, and decision rendered holding non-infringement of Claims 1 and 10 of the said Reissue Letters Patent, the same being the only claims involved.

The complainant in said action thereupon perfected an appeal to this court, which appeal was duly heard and decision rendered by this court reversing the lower court, which decision is reported in the 205 Fed., page 735.

Thereafter, and before a reference was had to the Master for an accounting, the complainant to said action, Fred Stebler, appellee herein, filed in the District Court for the Southern District of California, Southern Division, thirty-two or more suits against sundry defendant users of the infringing apparatus manufactured and sold by George D. Parker, one of the appellants herein, and one of the defendants in the main suit.

Motion was made before his Honor Olin Wellborn, for an order restraining the prosecution of said suits so filed against the users and for an injunction against the filing of additional suits against users of the infringing machine. This motion was duly heard and granted and an order made by his Honor Olin Wellborn restraining the prosecution of said suits and enjoining the filing or commencement of additional suits.

Thereafter an appeal was taken to this court from the order so made, and on hearing this court rendered its decision sustaining the decision of the lower court, which decision is reported in the 214 Fed., page 560.

After the rendition of said decision by this court reference to a Master was had for an accounting in the main suit and the Master rendered his report (Record page 284) to the court under date of the 29th day of September, 1915. The appellants herein filed exceptions to the Master's report, and equally so exceptions were taken on behalf of the complainant Fred Stebler, which exceptions were duly heard before his Honor Judge Bledsoe, who rendered a decision affirming the Master's report; and final decree was entered in the main suit No. 1562 on the 30th day of October, 1915. It is from this final decree that the present appeal is taken.

The assignment of errors appear on Record page 344.

The appellee Fred Stebler also perfected an appeal from the final decree of the lower court, and the assignment of errors of said party are set forth

on page 6 of the transcript of the record, filed on behalf of said Stebler in appeal Fred Stebler vs. Riverside Heights Orange Growers Association and George D. Parker, and wherein said Stebler appears as appellant.

Under stipulation entered into between counsel the two appeals from the said final decree are submitted to be heard and determined upon the transcript of record presented in the appeal Riverside Heights Orange Growers Association and George D. Parker vs. Fred Stebler, the record in said case constituting the record for the two appeal cases.

Consideration will first be given to the third assignment of errors filed on behalf of appellants, Riverside Heights Orange Growers Association and George D. Parker, which assignment is directed to error on the part of the lower court in allowing to complainant a sum greater than the profits derived by the defendants from the infringing machine.

The law is well settled that a complainant in an action for infringement, on an accounting is only entitled to receive from the defendant as profits, that sum which the defendant receives or derives from the infringing apparatus.

In the present case the owner of the Letters Patent in suit, appellee Fred Stebler, is a manufacturer of machinery generally adapted for use in houses devoted to the packing of fruit, and the machines so manufactured by him are sold directly to the users thereof. The grading or sizing machine cov-

ered by the Reissue Letters Patent No. 12297 constituted only one of the many forms and types of machines manufactured and sold by him for use in the packing houses. Equally so, George D. Parker, one of the defendants to the main suit, is a manufacturer of various types of machines and apparatus designed for use in the packing houses, and the infringing machine manufactured and sold by him is one of the various machines constituting the output of his manufacturing plant. Like appellee Stebler, appellant Parker disposed of the machines manufactured by him to the users direct. The Riverside Heights Orange Growers Association is not a manufacturer of machinery, but was a user of the fruit grading or sizing machines which it purchased from its co-defendant Parker, and which machines were held to be an infringement of the said Reissue Letters Patent.

It is our position that the only profit which the complainant, under the accounting, is entitled to receive from the defendants, is the profit which the defendant George D. Parker derived from the manufacture and sale of the infringing fruit sizer or grader.

The appellant Parker, one of the defendants in the lower court, placed the infringing machines on the market in combination with a fruit distributing system and bins of an adjustable type for receiving the sized or graded fruit; and, equally so, the appellee Fred Stebler, complainant in the lower court, placed the patented apparatus on the market in connection with a fruit distributing system and bins

of an adjustable type for receiving the sized or graded fruit.

So far as related to appellant Parker, the distributing system and the bins constituted unpatentable features which were open and free to him to use without payment or tribute of any kind being made to appellee Fred Stebler, complainant in the lower court; in other words, these constituted unpatented features of the appellant Parker's machine as placed on the market, and for such unpatented features he was not required to account. On the other hand, appellee Stebler, complainant in the lower court, placed the patented grader of the Reissue Letters Patent No. 12297 on the market in conjunction with the invention of United States Letter Patent No. 943799 granted unto him under date of December 21, 1909, for an Improved Distributing Apparatus, which said letters patent appear in the records herein as Defendants' Exhibit No. 7, Record page 273, but which letters patent were not involved in the suit for infringement in the lower court.

It is a rule of law controlling on an accounting that "the patentee must in every case give evidence tending to separate or apportion the defendant's profits and the patentee's damages between the patented features and the unpatented features, and such evidence must be reliable and tangible and not conjectural and speculative."

Garretson vs. Clark, 111 U. S. 120.

"The complainant must affirmatively show what profits are due to his invention."

Tilghman vs. Proctor, 125 U. S. 136.

Bell vs. United States Stamping Co., 32 Fed.
549.

Ingersoll vs. Musgrove, 14 Blatch., 541.

There are decisions, however, holding that where the profits of the defendant derived from the patented structure and from unpatented features associated therewith are so intermixed and commingled that the defendant cannot separate the same, and that, due to the fact that the knowledge of the profit derived by the patented features over those derived from the unpatented features is peculiarly within the possession of the defendant, the burden is then placed on the defendant to segregate the profit derived from the patented feature from the profits derived from the unpatented features.

Having such a line of decisions in mind when appearing on the accounting, the appellant George D. Parker, one of the defendants in the lower court, gave testimony disclosing the sale of the infringing fruit sizer or grader, where made without the distributing apparatus and the bins for receiving the graded fruit, and he presented to the Master a schedule disclosing all sales which he had made. One of said schedules disclosed the cost of the fruit sizers or graders and the other of said schedules disclosed the cost price of the distributing apparatus including the adjustable bins for receiving the graded fruit.

The testimony before the Master and the Master's report, record page 284, disclosed that appellant

Parker had made and sold 72 of the whole or double infringing sizers or graders and 13 one-half sizers or graders of the infringing type, and the cost given by appellee Parker (Record Page 229) for producing and erecting each infringing whole sizer or grader amounted to the sum of \$124.20, and the testimony of the said Parker in answer to Q. 228, that his selling price for the said sizers so installed would have been \$175.00 (Record Page 171). The testimony further disclosed (Record Page 77) in answer to Q. 170, that he had sold two of the infringing fruit sizers or graders for the sum of \$210.00, making \$105.00 per grader. These graders or sizers were shipped in a knocked down condition to Porto Rico, and therefore the said Parker was not put to the expense of installing said machines.

It will thus be seen from the testimony that defendant Parker was willing and did supply the fruit sizers or graders, whenever required, separate from the distributing system and bins, and, therefore, as he testified that his selling price for the said fruit sizer or grader installed and erected in the packing house would have been \$175.00, the profit on said sizer or grader to the said Parker was the sum of \$175.00 less \$124.20, or \$50.80, and it is this amount per sizer which the Master should have found due from the said Parker unto the appellee Stebler, less such deduction for overhead expenses as the Master found allowable.

On the one-half or single sizers the Master was probably correct in holding that appellant Parker was liable to appellee Stebler for the full profit

which he made on each one-half or single sizer and the distributing system and bins supplied and installed therewith, due to the fact that the testimony fails to disclose the price for which appellant Parker would have sold the one-half or single sizer distinct from the distributing system and bins. The single or one-half sizers with bins and distributing system, according to the Master's report (Page 297) sold for \$225.00, and in accordance with the statement of the Master contained on said page, the cost of a single sizer was \$94.04, plus \$112.06 for the distributing system and bins installed therewith, making a total cost of \$206.10 for a one-half sizer with its bins and distributing system. This amount deducted from the selling price of \$225.00, as found by the Master, gives a profit of \$18.90 for each single or one-half sizer. There were 13 of such sizers sold, and therefore the total profit derived by appellant Parker on the installed one-half sizers is the sum of \$18.90 multiplied by 13 or \$245.70. This amount added to the sum of \$3,657.60, gives a total of \$3,903.30 as the total profit derived by appellant Parker from the 72 whole sizers without the bins and distributing system and the 13 one-half sizers with the bins and distributing system. To this total should be added the sum of \$1,110.58, errors found by the Master, as set forth in his report (Record Page 310), making a total of profits due from appellant Parker unto appellee Stebler of \$5,013.88, less amount of overhead expense found allowable by the Master.

This constitutes the whole profits derived by the

said Parker for the manufacture and sale of the infringing 72 whole and 13 single or one-half fruit sizers or graders, and the Master should not have added to this sum the profit derived by the said Parker from the manufacture and sale of the distributing apparatus and fruit receiving bins associated with the said infringing whole fruit sizer or grader.

We submit that the said Parker fully complied with whatever burden may have been placed upon him under the law for the purpose of an accounting, when he disclosed the cost of the whole sizers and the selling price for which he would have sold them, and from these figures the profits of the fruit sizing apparatus unto him was readily determinable; and more especially so when the testimony disclosed that he had sold the fruit sizer separate from the distributing apparatus and the fruit receiving bins. However, should your Honors find that, due to the fact that he had sold all of the infringing machines with the exception of the two sold and shipped to Porto Rico, in conjunction with the independent distributing apparatus and fruit receiving bins, and that he is liable unto the appellee Stebler for the full profit which he made on the entire installation, we then submit that the total profit due from the said Parker unto the said Stebler is the sum of \$6,852.16, found by the Master in his report, page 311, less the proportion of overhead expense found allowable by the Master, and which appears more fully in Schedule A of the Master's report (Record Page 310).

It is our contention that the total sum due from appellant Parker unto the appellee Stebler is the amount of profit which he derived from the whole sizers or graders *per se*, and that none of the profits which he derived from the unpatented distributing apparatus and bins installed therewith is entitled to be added to the profits received from the sizing apparatus itself. But in no event is he liable unto the appellee Stebler in a sum greater than that for which the Master found him to be liable as the profits derived from the patented sizer or grader combined with the profits derived from the unpatented distributing apparatus and fruit receiving bins. This sum should not exceed the sum of \$6,852.16 found by the Master (Record page 311), less deductions for the proper proportion of overhead expense.

To place the matter in a simple form, it is our contention that appellee Stebler is entitled to receive from appellant Parker per each whole infringing sizer the sum of \$175.00 less the cost of \$124.20, or \$50.80 for each whole sizer, and one-half of said amount for each one-half sizer, less the proportion of overhead expense found allowable by the Master. To which amount per whole sizer the sum of \$13.20 found for corrections should be added and for each one-half sizer should be added the sum of \$6.60.

Our second assignment of errors is that the court erred in allowing complainant damages in excess of nominal damages.

Relative to this assignment of errors, we submit

that the burden of proof is on the complainant under an accounting, to segregate his profits derived from the patented structure from those derived from the non-patented structures of the machinery as installed; and unless there has been such a segregation made before the Master, that the complainant in such case is entitled to only nominal damages.

“The patentee must in every case give evidence tending to separate or apportion the defendant’s profits *and the patentee’s damages* between the patented features and the unpatented features, and such evidence must be reliable and tangible and not conjectural and speculative.”

Garretson vs. Clark, 111 U. S. 120.

The complainant must affirmatively show what profits are due to his invention.

Tilghman vs. Proctor, 125 U. S. 136.

Bell vs. U. S. Stamping Co., 32 Fed. 549.

Ingersoll vs. Musgrove, 14 Blatch. 541.

An arbitrary award of one-half of the net profits on the whole article as due to the complainant’s device is not proper, since the exact amount is to be ascertained by computation.

Calkins vs. Bertrand, 8 Fed. 755.

In the present case there is not one word of testimony on behalf of the complainant tending to separate the patented device from the unpatented feature, nor to segregate the profit which he derived from the grader proper from that derived from the non-patented features, nor does complainant’s testi-

mony disclose any damage due to the manufacture and sale of the infringing patented device.

The apparatus as installed by the complainant is constructed under the protection afforded by the Strain Re-issue Letters Patent in suit relating to an improved grader, and United States Letters Patent No. 843799, relating to an improved distributing apparatus (defendant's Exhibit No. 7, Record Page 273), which said patented apparatus is conjoined by complainant for use in connection with the patented grader of the Strain Re-issue Letters Patent in suit—see testimony of complainant Stebler—answer to Q. 158, Record Page 158. Letters Patent No. 943799, covering the bins and distributing means for conveying the fruit from the patented grader in suit, is not herein involved.

Where the thing made and sold by the defendant contains not only the invention in suit of the complainant, but contains some other invention or feature not involved in the patented device, the complainant can recover only for that part of the defendant's profits, due to the patented part or feature of the article sold which is covered by the patent in suit. The burden of proving that portion of the profit which the patented feature bears to the whole of the profits derived from the manufactured article, is on the complainant.

Blake vs. Robertson, 94 U. S. 733.

Garretson vs. Clarke, 111 U. S. 120.

Dobson vs. Carpet Co., 114 U. S. 445.

Dobson vs. Dorman, 118 U. S. 17.

Keystone Mfg. Co. vs. Adams, 151 U. S. 147.

In the present case the defendant has not infringed Letters Patent No. 943799, defendant's Exhibit No. 7, and these letters patent are not involved and cover the bins and distributing means for receiving the graded fruit from the patented grader in suit, and distributing the same to the respective fruit receiving bins. These features are employed in the apparatus placed on the market by complainant in conjunction with the grader of the patent in suit, but the defendant herein is not liable to the complainant for the profits claimed by complainant for such independent patented features, merely due to the fact that the complainant elected to associate the two patented inventions. It was the duty of the complainant to separate his profit derived from the patented grader from those derived from the non-infringing features thereof, and which in each case cover the bins and distributing means.

Without considering all of the claims of said Letters Patent No. 943799, it will suffice to direct an examination of claims 2, 3, 4 and 5 thereof, in order to ascertain exactly what features of the manufactured and installed apparatus of the complainant is beyond the sphere of protection afforded by the infringed claims of the letters patent in suit, and such an examination clearly demonstrates that all of the manufactured article other than the grading element is outside of and beyond such protection, and on such features the complainant herein is not entitled to profits nor damages, and it is not the province of the Master to make an apportion-

ment of profits in the absence of testimony from the complainant making such just apportionment. This question has repeatedly been ruled on by the courts, not only in the case of Garretson vs. Clarke, *supra*, but in the earlier case of Blake vs. Robertson, *supra*, the Supreme Court using the following language:

“But inventions covered by other patents were embraced in those machines. It was not shown how much of the profit was due to those other patents, nor how much of it was manufacturer’s profit. The complainant was, therefore, entitled to only nominal damages. This the court gave him. It was all the state of the evidence warranted. It would have been error to give more.”

As stated in *Westinghouse vs. New York Air Brake Co.*, 140 Fed. 604:

“These cases are exceedingly rare in which the whole marketable value of a machine, or of a collection of devices, can in reason be attributable to a patented feature which embraces merely an improvement in one of its parts. Marketable value is ordinarily the result of various conditions independent of the normal value of the machine itself, and the contribution which the patented part gives to marketable value is necessarily dependent more or less upon these conditions. Enterprise, exploitation, and business methods in introducing and marketing the thing are generally as important a factor in its intrinsic value.”

“But there are many cases in which the plaintiff’s patent is only a part of the machine and creates only a part of the profits. His invention may have been used in combination with valuable improvements made, or other patents appropriated by the infringer, and each may have

jointly, but unequally, contributed to the profits. In such cases if plaintiff's patent only created a part of the profits, he is only entitled to recover that part of the net gains. He must, therefore, 'give evidence tending to separate or apportion the defendant's profits and the patentee's damages between the patented feature and the unpatented features, and such evidence must be reliable and tangible, and not conjectural or speculative; or he must show by equally reliable and satisfactory evidence, that the profits and damages are to be calculated on the whole machine, for the reason that the entire value of the whole machine, as a marketable article, is properly and legally attributable to the patented feature.' *Garretson vs. Clark*, 111 U. S. 120 (4 Sup. Ct. 291, 28 L. Ed. 371)."

According to the testimony of the complainant herein, (Record Page 102, answer to Q. 88), the patented grader would be useless without the bins and distributing means, consequently, the greater portion of the profits of the entire apparatus must have been attributable to the invention of Letters Patent No. 943799. Defendant's Exhibit No. 7, used conjointly by appellee Stebler with the grader of the letters patent in suit at the date of and ever since the defendant entered the field as a manufacturer of packing house machinery. Such being the case and patent No. 943799 not being herein involved and appellant Parker not liable under said letters patent, it was incumbent upon the complainant to show by clear and unmistakable testimony the profit due to the patented grader in suit and to segregate the same from the profit due to the invention of Letters Patent No. 943799 combined

therewith and, which profits appellee Stebler commingled. This has not been done in the present case and no effort made on the part of appellee Stebler so to do. He was, therefore, only entitled to nominal damages.

In the recent case of Seeger Refrigerator Co. vs. American Car & Foundry Co., 212 Fed. 742, the Master allowed the sum of \$662,923.20 as the profit derived from the infringing act, which report was set aside by the court and only nominal damages allowed, due to the failure of the complainant to prove the profit directly attributable to the infringing feature over the whole profit derived from the manufacture and sale of the entire organized apparatus.

The patented device covered by the claims held to have been infringed in said case, like the device of the claims held to have been infringed in the present case, related to only a specific portion of the whole installed apparatus, the said claims reading as follows:

1. In a combined refrigerator and freezer, a suitable outside case, a refrigerating room and an ice bunker therein separated by a partition, inverted V-shaped ports in said partition leading from the refrigerating or freezing room into said ice bunker and ports leading through the bottom of said ice bunker and thence into the bottom of the refrigerating room, substantially as and for the purposes set forth.

2. In a combined refrigerator and freezer, a suitable outside case, a refrigerating or freezing room and an ice bunker therein separated from each other by a partition, inverted V-shaped

ports in said partition, the bottom of said ice bunker being perforated and in communication through said perforations with the refrigerating or freezing room, the floor beneath the ice bunker inclining downwardly toward the refrigerator or freezing room, and the ceiling of the refrigerating or freezing room inclining away from said ice bunker, substantially as and for the purposes set forth.

3. In a combined refrigerator and freezer, a suitable outside case, a refrigerating or freezing room and an ice bunker contained therein separated from each other by a partition formed by a series of angular sections placed one above the other and at some distance apart, forming inverted V-shaped ports leading from the refrigerating or freezing room into said ice bunker, the apex of one section being higher than the lower extremities of the section next above it, the bottom of said ice bunker being perforated and in communication with the refrigerating or freezing room, substantially as and for the purposes set forth.

The court in said case of Seegar Refrigerator Co. vs. American Car & Foundry Co. thoroughly analyzed the law bearing on the question of accounting, and although the contract under which the defendant worked stipulated the use therein of the infringing device, the court nevertheless held that the complainant was required under the law to segregate the profit realized by reason of the infringing device from that realized from the whole of the apparatus wherein the patented device was incorporated, stating:

“Where, in a suit for patent infringement, the case was one calling for an apportionment of

profits, but complainant made no effort to prove the amount of profits reasonably attributable to the defendant, relying on the position that it was entitled to recover the entire profits made by the defendant from the sale of certain refrigerator cars containing the infringement, complainant could only recover nominal damages."

The device covered by the claims of the letters patent involved in said suit, and held to have been infringed, like the device of the claims held to have been infringed in the present case, related to only a specific portion of the whole installed apparatus.

This is the present case exactly. Claims 1 and 10 of the patent in suit and held to have been infringed comprise a grader consisting in combination of a plurality of independent transversely adjustable rotating rollers, a non-movable grooved guide, and a rope traveling in said grooved guide, rollers over which the rope travels, the rollers being so arranged relative to the non-movable grooved guide as to form a fruit runway, said rollers being independently rotatable and independently adjustable toward and from the non-movable grooved guide.

This is the invention held to have been infringed, and the grader placed on the market by the complainant herein, prior to the advent of defendant into the field. Since the issuance of Letters Patent No. 943799, Defendant's Exhibit No. 7, and prior to the infringing acts herein complained of, complainant Stebler elected to combine the two patented inventions in a single apparatus, (Answer to Q. 55, Record Page 95), but such an election does not entitle him to the profits derived from

the entire packing house machine or apparatus, nor relieve complainant from the necessity of producing proof segregating the profit realized by the infringement of the patented device from the profit realized on the whole of the installed machinery.

There is no testimony presented herein on behalf of the complainant even tending to demonstrate that the profits realized from the patented grader utilized in connection with the entire machinery were impossible of accurate and approximate apportionment. In fact, the testimony of complainant Stebler discloses that the patented grader in suit was at one time prior to the act of infringement manufactured and sold without the bins and distributing means, and, therefore, an accurate and approximate apportionment of the profits realized from the patented grader could have been proven by competent testimony and the records of his manufacturing business.

In *Underwood Typewriter Co. vs. Fox Typewriter Co.*, 220 Fed., Page 881, the law as we have above set forth was followed by the Circuit Court of Appeals for the Sixth Circuit. The court cited from the *Garretson* case as follows:

“When a patent is for an improvement, and not for an entire new machine or contrivance, the patentee must show in what particular his improvement has added to the usefulness of the machine or contrivance. He must separate its results distinctly from those of other parts, so that the benefit derived from it may be distinctly seen and appreciated. The rule on this head is aptly stated by Mr. Justice Blatchford in the

court below: 'The patentee,' he says, 'must in every case give evidence tending to separate or apportion the defendant's profits and the patentee's damages between the patented feature and the unpatented features, and such evidence must be reliable and tangible, and not conjectural or speculative; or he must show by equally reliable and satisfactory evidence, that the profits and damages are to be calculated on the whole machine, for the reason that the entire value of the whole machine, as a marketable article, is properly and legally attributable to the patentable feature.' "

The court further stating on page 885:

"The plaintiff did not comply with either of the rules stated in the latter portion of the quotation from the Garretson case. It produced no evidence to prove the profits between the improvements constituting the patented feature and the typewriter itself, as under the state of the evidence it should have done. * * * But the amount of such profits, and the damage, if any thereby occasioned, cannot be inferred without proof. *Maier vs. Brown*, 17 Fed. 736, 738; *Seeger Refrig. Co. vs. American Car & Foundry Co.* (D. C.) 212 Fed. 742, 748; *Fay vs. Allen*, 30 Fed. 446, 448."

In *Westinghouse Electric & Mfg. Co. vs. Wagner Electric & Mfg. Co.*, 225 U. S. 605, the Supreme Court cites with approval the decisions heretofore given, stating:

"But if it be assumed, as was found to be done by the fact that the spaces were non-infringing and valuable improvements, it may then have prima facie appeared that these changes had contributed to the profits. If so, the burden of apportionment was then logically on the plaintiff, since it was only entitled to recover such part of

the commingled profits as was attributable to the use of its invention.”

Again:

“He must therefore give evidence tending to separate or apportion the defendant’s profits and the patentee’s damages between the patented feature and the unpatented features, and such evidence must be reliable and tangible, and not conjectural and speculative; or he must show by equally reliable and satisfactory evidence that the profits and damages are to be calculated on the whole machine, for the reason that the entire value of the whole machine, as a marketable article, is properly and legally attributable to the patented feature.”

Garretson vs. Clark, *supra*.

The appellee Stebler made no efforts to comply with the law controlling accountings. He produced no testimony tending to separate the profits derived from the patented invention of the Claims 1 and 10 of the Re-issue Letters Patent No. 12297 from the profits derived from the patented distributing apparatus of United States Letters Patent No. 943799 and admitted by him to have been embodied in each and every installation made by him of the patented grader since the commencement of the suit for the infringement herein complained of. In fact, appellee Stebler testified (Record Page 96) in answer to Q. 55, page 95, that the grader would be no good without the distributing system and bins. In other words, according to his own testimony, it was the invention of Letters Patent No. 943799 on which he depended for his sales, and it would there-

fore seem that the profit in the main was derived from the use of the invention of the said Letters Patent No. 943799, Defendant's Exhibit No. 7:

Certainly, the testimony produced by appellee Stebler shows no effort to have been made to determine either the cost price of the patented grader or sizer or the profits derived therefrom. He states in reply to question 33 (Record Page 92) that the distributing system of his apparatus is covered by a separate patent from the patent in suit; and in reply to question 34 (Record Page 92) he states that his books will not disclose the exact cost of installations referred to in the various packing houses wherein he stated that his patented grader had been installed in conjunction with the distributing system of Letters Patent No. 943799. In reply to question 36 (Record Page 92) he states he kept no record as to costs. In reply to question 43 (Record Page 93) he states that he has kept no account of any one house. In reply to question 44 (Record Page 93) he states that he kept no detailed cost account. In reply to question 45 (Record Page 93) he states that the only effort he made to arrive at the cost of the patented graders was by putting the material through the shop and following it for the purpose of making the statement of cost presented on accounting.

We submit that this is not a compliance with the requirements of the law in determining the cost of a patented structure to the complainant, and if the cost of the structure is unknown it is impossible to determine the profits which he would have made

had he sold the device distinct from the invention covered by Letters Patent No. 943799. In reply to question 55 (Record Page 95) he states that he has never sold the patented grader or sizer subsequent to the infringement complained of without the invention of Letters Patent No. 943799 being incorporated therewith. He does state, however, in reply to question 57 that the established selling price for the patented grader prior to the act of infringement in 1910 complained of was \$175.00, but no testimony has been produced to show even what the cost price of the patented grader or sizer was when he sold the same for \$175.00, or at a date prior to the act of infringement herein complained of, and which act complained of was prior to the 24th day of May, 1910.

We submit that the Master had no evidence produced before him on which to determine what the profit of appellee Stebler was for the patented grader as separated from the profit derived by him on the invention of Letters Patent No. 943799, and as no attempt was made by the appellee Stebler to segregate the profit of the patented grader from the profit of the patented distributing system not involved herein, the Master could not, from the evidence, determine what such profit was, and he was not justified in accepting an arbitrary statement of appellee Stebler compiled in 1914 for the purpose of the accounting as to the cost of manufacturing the patented grader and deducting such estimated and uncertain cost from a selling price for which the patented grader sold for prior to May, in 1910

and prior to the commencement of the suit for infringement; and more especially so when the cost price given in the year of the accounting, 1914, was entirely speculative, appellee Stebler having testified that he kept no record of cost, but merely estimated the same. Such testimony as was produced by appellee Stebler on the accounting has not that certainty which the law requires in determining the profit or the difference between the cost price and the selling price of a patented article; and where he has made no effort to segregate the profits of the patented structure from the profits of the unpatented structure he is only entitled to an award of nominal damages.

The law in this respect seems to be definitely determined, not only by the decisions to which we have directed attention, but also in the late decision of the United States Supreme Court in the case of *Dowagiac Mfg. Co. vs. Minnesota Moline Plow Co., et al.; Dowagiac Mfg. Co. vs. Smith & Zimmer*, decided Jan. 11, 1915, and reported in 235 U. S., Page 641. In this case in its decision the court states:

“That the plaintiff failed to carry the burden, rightly resting upon it, of submitting evidence where the profits from the sale of the infringing drills could be apportioned between the patented improvements and the unpatented parts.”

And cites with approval the law as expressed in *Westinghouse Co. vs. Wagner Co.*, 225 U. S. 604.

“In so far as the profits from the infringing sales were attributable to the patented improve-

ments they belonged to the plaintiff, and in so far as they were due to other parts or feature they belonged to the defendants; but as the drills were sold in complete and operative form the profits resulting from the several parts were necessarily commingled. It was essential therefore that they be separated or apportioned between what was covered by the patent and what was not covered by it, for, as was said in *Westinghouse Company vs. Wagner Company, supra*,

‘In such case, if plaintiff’s patent only created a part of the profits, he is only entitled to recover that part of the net gains.’

“In the nature of things, the profits pertaining to the patented improvements had to be ascertained before they could be recovered by the plaintiff, and therefore it was required to take the initiative in presenting evidence looking to an apportionment. Referring to a like situation, it was said in the case just cited:

‘The burden of apportionment was then logically with plaintiff, since it was only entitled to recover such part of the commingled profits as was attributable to the use of its invention.’ ”

Appellee Stebler did not comply with the burden thus placed on him. According to his own testimony the two inventions, that is, the invention of Claims 1 and 10 of the Strain Reissue Letters Patent No. 12297 and the invention of the Stebler Letters Patent No. 943799, were commingled, and it was therefore his duty under the law as expressed by the Supreme Court in the case *Dowagiac Mfg. Co. vs. Minnesota Moline Plow Co., supra*, to have separated the profits realized from the invention of the

patent in suit, from the profits derived from the invention of Letters Patent No. 943799.

This was knowledge peculiarly within the complainant and the segregation of such profits could have been made had he so desired. Not having done so, he is only entitled to nominal damages, for, certainly, proof that in 1910 and prior to the infringement complained of he had sold the patented grader or sizer separately for the sum of \$175.00 is no proof that he could have sold the same for \$175.00 in 1914, during the accounting period, when the said patented sizer or grader ever since May, 1910 had been sold by appellee Stebler conjointly with the invention of Letters Patent No. 943799.

We submit that our second assignment of errors is well taken.

Our first, sixth and seventh assignments of errors may be considered together, inasmuch as they relate to error of the lower court in sustaining the Master's report holding the new apparatus placed on the market by appellant Parker to be an infringement of the sizer or grader covered by Reissue Letters Patent No. 12297.

This apparatus referred to during the course of the accounting as the Parker modified sizer is a device or apparatus differing from the apparatus of the Reissue Letters Patent No. 12297 to the same extent as the said invention of Claims 1 and 10 of the said Reissue Letters Patent differed from the devices of the prior art. It is a new machine

and one working on a different principle of operation from that of the invention of the said Reissue Letters Patent No. 12297.

We do not contend that a Master on an account- ing may not hold in a proper case that a device dif- fering slightly from the infringing article is an infringement of the sustained patent, but we do maintain that where there is a substantial dispute and where the differences are such as to create a new machine, one constructed of elements working on a different principle of operation from the patented device, that in such a case the Master should not undertake to determine the question of infringe- ment. We know that on a motion for a preliminary injunction, the court will not undertake to decide new issues.

In the case of Thompson-Houston Elec. Co., et al., vs. Exeter, H. & A. St. Rwy. Co., 110 Fed., p. 986, 987, the court stated:

“The court cannot be required, on a motion for a preliminary injunction, to decide issues involv- ing new and disputed theories respecting com- plainant’s patent, and, where it is necessary to sustain the rights to an injunction, to go beyond a prior adjudication and give such patents an enlarged construction.”

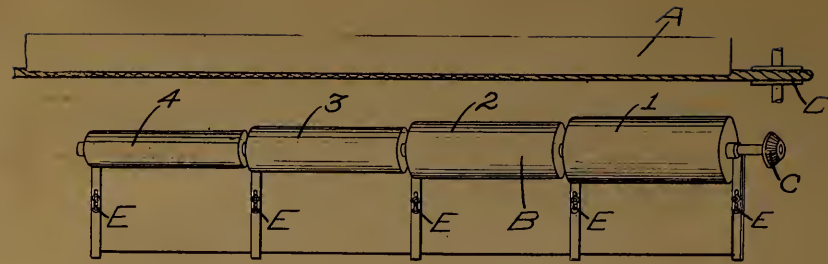
In the present case it was necessary for the Master to, and he did go beyond the scope and meaning of the prior adjudication of the Strain Reissue Letters Patent No. 12297; and he gave to such patent an enlarged construction, and he had to do so in order to hold the new machine, placed on the market by

Fig. 1.



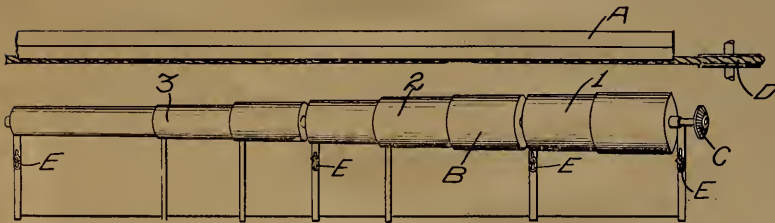
"ISH" PAT. N°458422. AUG. 20. 1891.

Fig. 4.



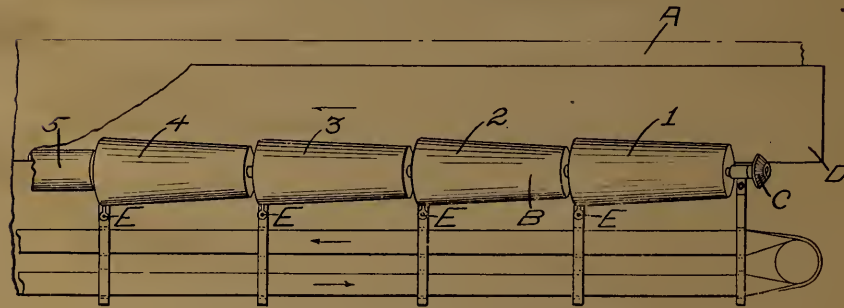
CALIFORNIA SIZER "RIALTO".
DEF. EX. 3.4.5.

Fig. 2.



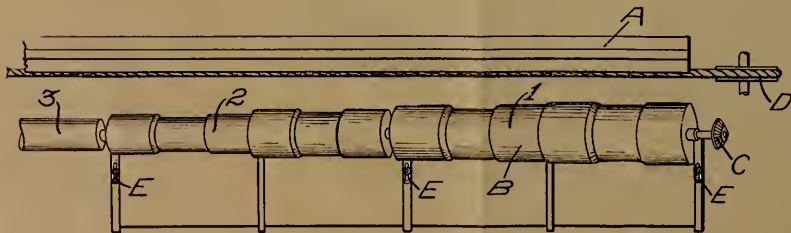
CALIFORNIA SIZER PRIOR TO 1900.

Fig. 5.



"PARKER" CALIFORNIA SIZER.

Fig. 3.



CALIFORNIA SIZER, "JAMESON" PRIOR TO 1900.

Fig. 6.

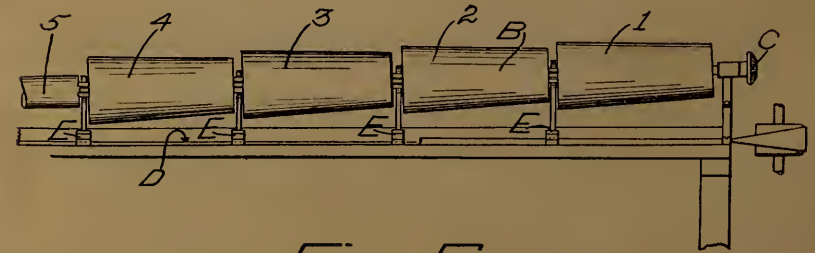
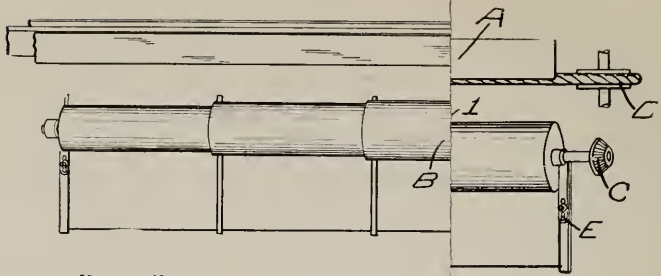


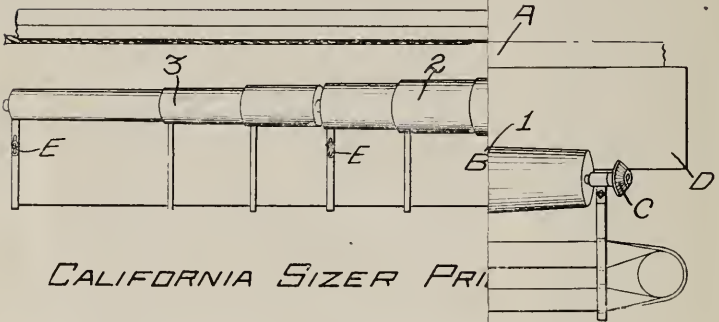
Fig- 1-



"ISH" PAT. N^o 458422.

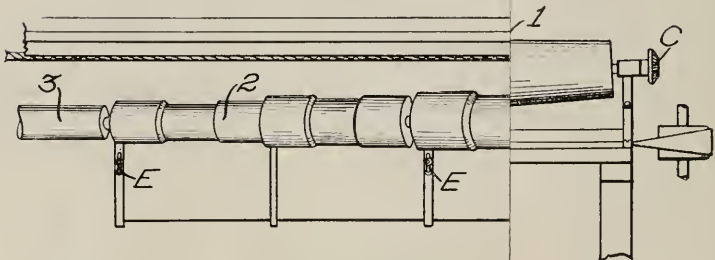
7-

Fig- 2-



CALIFORNIA SIZER PR

Fig- 3-



CALIFORNIA SIZER, "JAME

appellant Parker since the rendition of the decision of this court in the case of Stebler vs. Riverside Heights Orange Growers Association, 205 Fed. 735 to be an infringement of Claims 1 and 10 of the Strain Reissue letters patent.

The proper course for appellee Stebler to have pursued was to file a supplemental bill and thereby give appellant Parker an opportunity to set up his defenses to the charge of infringement. Where, after an interlocutory decree adjudging the validity of a patent and enjoining its infringement, and the defendant thereto commences the manufacture and sale of a new device, which device is claimed to be an infringement, the correct practice is for a complainant to move for a supplemental decree.

Sundh. Elec. Co. vs. Gen. Elec. Co., 217 Fed. 583.

For an understanding of the construction and operation of appellant's new machine and the relation thereof to the machines of the prior art, we present herewith illustrations of the different types of machines constructed for operation in a manner differing from that of the invention of the Reissue Letters Patent No. 12297 and arranged for operation in the manner of the graders or sizers of the prior art, and all of which were before this court on the appeal of Stebler vs. Riverside Heights Orange Growers Assn., et al., and considered by this court, and the invention of the Reissue Letters Patent No. 12297 differentiated therefrom.

Cut No. 1 discloses the grading or sizing apparatus

of the Ish patent No. 458422 referred to by this court in its decision reversing the decision of his Honor Olin Wellborn and reported in the 205 Fed. 735. The Ish device is a fruit grader or sizer having a fruit runway composed of two parallel members, the member A being a fixed or non-movable member, and the opposing member B being a rotating member composed of a single roll of stepped form, there being as many steps to the roll as there are apertures for the graded or sized fruit, said roll being driven from power applied to one end of the shaft C, the fruit to be sized being propelled through the runway by endless carrying belt, D.

The testimony in the main suit disclosed that this device had been in use for a great many years prior to the date of the invention of the Strain Reissue Letters Patent, and is in use at the present time. The Ish Patent No. 458422 covering this invention was controlled by the appellee Stebler.

Following the Ish patent, and long prior to the year 1900, as disclosed by the testimony in the main case, there came on the market a fruit sizer known as the California sizer, which is illustrated by Fig. 2 of the sheet of drawings. Like the Ish device, the California sizer had a fruit runway composed of two parallel member A and B, A being the fixed member of the runway and B the rotary wall member thereof, and the fruit was conveyed through the fruit runway by means of the endless traveling carrier D. The rotary wall member of the California sizer differed from the rotary wall member of the

Ish device to the extent that the same was composed of a series of end to end roller sections, illustrated in the drawings by the numerals 1, 2, 3 and 4. These sections were connected one to the other and arranged in longitudinal succession, so that power applied to the drive member C at one end of the rotary wall member imparted rotation in unison to the series of connected roller sections 1, 2, 3 and 4. The sizer is in use at this time.

The departure made by the California sizer from the Ish patent resided in separating the rotary wall member of the Ish patented device of 1891 into a plurality of roller sections, but each so connected as to be rotated in unison from a common source of power applied at one end. The roller sections were mounted in bearing brackets E, so that the roller sections could be adjusted toward and from the fixed member A of the fruit runway to vary the distance there between, so as to regulate the grade outlets of the apertures for different size fruit.

By Fig. 3 is illustrated a California sizer which was used in the Jameson packing house in the Southern District of California and which was manufactured and placed in use prior to the year 1899 and is in use at the present day. It only differed from the California sizer disclosed by Fig. 2 of the drawings in so far as it had a greater number of roller sections of slightly different shape from the roller section of the sizer of Cut 2. Each roller section was connected one to the other so as to be driven in unison from power applied to the drive

connection C at one end of the roller sections. It had, in common with the Ish patent, a fruit runway composed of two parallel members A and B, the member A being a non-movable member and the member B constituting the rotary wall member for the fruit runway and consisting of a series of end to end connected roller sections, the said sections being mounted in bearing brackets E for adjustment toward and from the fixed member of the fruit runway.

Following the California sizer used in the Jame-son Fruit Packing House came a California sizer represented by Fig. 4 of the drawings. Like the California sizers disclosed by Figs. 2 and 3 of the drawings, it had a fruit runway composed of two parallel members A and B, the member B constituting the rotating wall member of the fruit runway and consisting of a series of end to end roller sections 1, 2, 3 and 4 united one to the other so that power applied to the member C at one end of one of the roller sections imparted uniform rotation to the entire series of connected roller sections, the fruit being propelled through the fruit runway by means of the endless carrier D. This device was installed and placed in operation in the packing house of the Rialto Association and, according to the testimony, was manufactured about the year 1904. The testimony shows that the said machine was licensed by the appellee Stebler under the Ish Patent No. 458422 which was granted Aug. 25th, 1891 and expired in 1908. After the expiration of the Ish Patent August 25, 1908, it would appear that any one

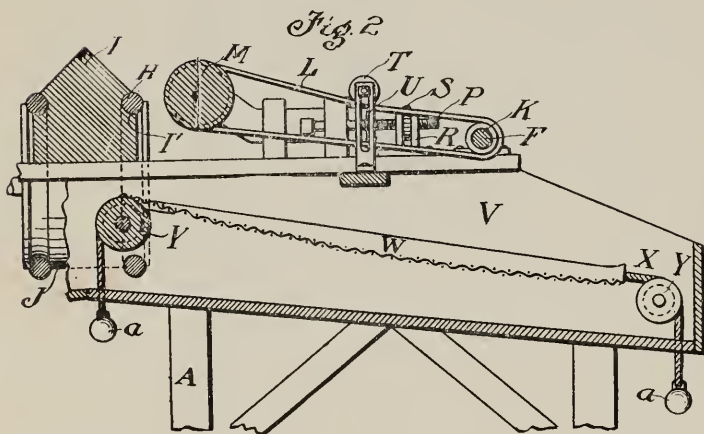
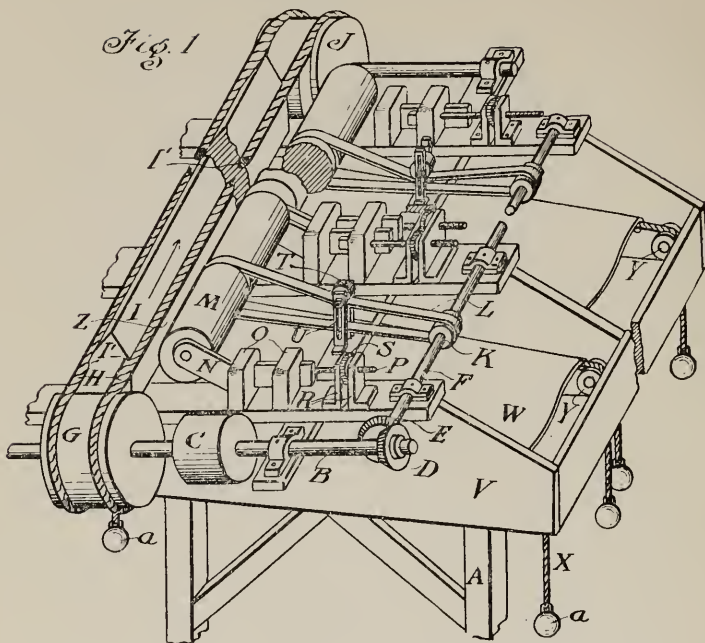
had the right to manufacture and place on the market a device built under and in accordance with the California grader illustrated by Fig. 4 of the drawings and, as we shall hereafter show, admitted to be a California grader.

After the entry of the interlocutory decree in the case of *Stebler vs. Riverside Heights Orange Growers Assn. and George D. Parker*, which followed the decision of this court in appeal case No. 2232; 205 Fed. 735, appellant Parker, for the purpose of supplying the packing houses with fruit sizing devices, examined the various types of sizers then on the market, and which were free and open to him for the manufacture thereof. His examination led him to the device known as the Rialto sizer illustrated by Fig. 4 of the drawings, and finding said device to have been licensed by the appellee Stebler herein under the Ish patent No. 458422 of August 25, 1901, and knowing that at said time the Ish patent was an expired patent and free to the public, he proceeded to place on the market a fruit sizer constructed in all essentials like the device of the Rialto grader. The new grader of the appellant, termed in this case the "Parker New Sizer" is represented by Figs. 5 and 6 of the drawings, which illustrate respectively a plan view and side elevation of the said device.

Comparing the illustration of this device with the device illustrated by Fig. 3 of the drawings to wit, the Jameson California Sizer, we find it has in common therewith a fruit runway consisting of two parallel members A and B, the member A constitut-

ing the fixed member of the runway, and the member B the rotating wall member thereof. Like the said California sizer, which was used in the Jameson packing house, the rotating wall member of the Parker new sizer consists of a series of longitudinally disposed aligned roller sections 1, 2, 3 and 4, which roller sections are connected one to the other so as to be driven in unison from power applied to the drive member C secured to one end of the forward roller section of the series of connected sections. The fruit to be sized is propelled through the fruit runway of the sizer by means of the endless carrier D. This device, therefore, so far as relates to function and mode of operation, is the same as the Jameson California sizer represented by Fig. 3 of the drawing; and, like said device, the roller sections are moved toward and from the fixed member of the runway by means of the adjustable bearing brackets E; and, like the Jameson device, the said brackets support the ends of two adjacent rollers. It differs only slightly from the Jameson device to the extent that the roller sections 1, 2, 3 and 4 are made of tapering form, and to this extent it also differs from the roller sections 1, 2, 3 and 4 of the Rialto grader, Fig. 4 of the drawings, in which grader the roller sections are made of different diameters. In all respects, so far as operation due to the sizing of fruit and function of the working parts is concerned, the said Parker new sizer corresponds with and conforms to the California sizer installed and operated in the Rialto packing house and in the Jameson packing house, and to the California sizer

R. STRAIN.
FRUIT GRADER.
APPLICATION FILED OCT. 21, 1903.



Witnesses:

Altauffel

Fredrick Shyon

Inventor:

Robert Strain

by *Townsend Bras*
Attys.

represented by Fig. 2 of the drawings. We therefore state, without hesitation, that the Parker new sizer is a California sizer of the prior art, and therefore, it follows that the Parker new sizer placed on the market by the appellant Parker since the rendition of the interlocutory decree in this case, is not and cannot be held to be an infringement of the sized of the Strain Reissue Letters patent. We furthermore state, that inasmuch as the letters patent of Ish, under which the Rialto sizer was licensed, had expired long prior to the manufacture and sale of the Parker new sizer, the appellant Parker was free to construct the same.

For the convenience of the court we herewith reproduce the drawings of the Strain Reissue Letters Patent No. 12297, for a comparison of the construction and operation of the said device with the construction and operation of appellant's new sizer.

It will be noted by reference to the said drawings of the Reissue Letters Patent No. 12297, and which appears on Record Page 65, *re* appeal case No. 2232, that the device thereof is a fruit sizer composed of two parallel members. The fixed member of the grader being designated by the reference letter I. Each member is grooved for the reception of a propelling rope H. The opposing member of the fruit grader consists of a series of end to end rollers M arranged in longitudinal succession the entire length of the grader, each roller M being rotatively mounted in adjustable bearing arms M, which arms have movement in the guide blocks O, and each of the rollers M is driven or rotated independently of

the other rollers by means of a drive belt L, which receives its motion from a drive shaft F. Each roller is independently adjustable transversely toward and from the fixed guide member I through the medium of the adjustability permitted the adjusting arms N which work in the guide blocks O. Under this construction each and every roller is permitted individual adjustment and this independent of the other grade rollers of the series of longitudinally disposed end to end rollers which constitute the rotating wall member or the companion member to the fixed parallel member I of the fruit runway.

Under the disclosure of the Strain Reissue Letters Patent it is absolutely essential that each roller of the series of disconnected rollers constituting the rotary wall member of the fruit runway be permitted *independent* and *individual* rotation. If the rollers were connected one to the other so as to be driven in unison, it would be impossible to impart *independent transverse adjustment* to one roller without correspondingly disturbing the position of the adjacent roller. It is the *independent* and *individual adjustability* and the *independent* and *individual rotation* of the respective rollers constituting the rotating wall member of the fruit grader of the Strain Reissue Patent which differentiates it, or rather which caused this court to differentiate the same from the patented Ish and the California fruit graders or sizers of the prior art.

In appeal case No. 2232, the fruit sizer involved therein, and which was held by this court to be an infringement of the Strain Reissue Letters Patent,

comprised a series of *independent* and *individual* sizing rollers, each *independently* and *individually* rotatable and *independently* and *individually* adjustable toward and from the fixed member of the fruit runway, and they were adjustable and rotatable in a manner corresponding to the *independent* and *individual* adjustability and the *independent* and *individual* rotation of the grade rollers of the Strain Reissue Letters Patent.

The decision of this court in the main case, appeal case No. 2232; 205 Fed. 735, differentiated the invention of the Strain Reissue Letters Patent from the California fruit sizers or graders of the prior art in the same manner and to the same extent as the appellant's new grader differentiates from the sizer or grader of the Strain Reissue Letters Patent.

The only distinction between the California sizer or grader and the sizer or grader of the Strain Reissue Letters Patent lay in the California grader having the roller sections arranged in longitudinal succession and united one to the other so as to be driven in unison from power applied to one end, the roller sections being mounted in bearing brackets in such a manner that the ends of adjacent rollers were moved thereby on adjustment being given to the bearing brackets; in other words, the roller sections were not *independently* and *individually* adjustable toward and from the fixed member of the runway, nor were they *independently* and *individually* rotatable; whereas, in the device of the Strain Reissue Letters Patent each roller was mounted in inde-

pendent bearing brackets so that each roller could be *independently* and *individually* adjusted toward and from the fixed member of the fruit runway and each roller *independently* and *individually* rotatable.

It was our contention throughout the hearing before his Honor Olin Wellborn, and equally so before this court in appeal case No. 2232, that the California sizer or grader disclosed a sizer having a fixed member and an opposing rotating wall member, the latter of which consisted of a series of end to end roller sections with means for adjusting the roller sections toward and from the fixed member of the fruit runway, and that, therefore, this construction of a fruit sizer or grader anticipated the fruit sizer or grader of the Strain Reissue Letters Patent in suit.

In opposition to our contention, appellee Stebler strenuously insisted that the California grader, consisting of a series of connected end to end roller sections, did not disclose a series of end to end rollers, which rollers were *independently* and *separately adjustable* transversely toward and from the fixed member of the fruit runway and *independently* and *individually* rotatable with respect to each other; in fact, witness Stebler, the owner of the Strain Reissue Letters Patent, insisted that the California grader did not disclose a series of end to end independently adjustable and independently rotatable rollers, but on the contrary, it disclosed merely a single roller extending the entire length of the machine and formed of a series of end to end connected roller sections, as evidenced by his answer to X, Q. 137,

appeal record case 2232, page 655, reading as follows:

“Although the rollers were constructed in sections they were coupled together in such a manner in the bearings that it constituted a continuous roller.” Also in response to X, Q. 57, appeal record page 67, witness stated, referring to the California grader, “It was made in sections and the sections fastened together.”

This distinction between the California grader and the grader of the Strain Re-issue Patent in suit was carried throughout the case, it being urged before this court, on appeal, that the invention of Mr. Strain resided in a series of disconnected rollers, each roller being *independently* and *transversely* adjustable and each *independently* rotatable, the said rollers being arranged end to end, each roller being mounted in separate bearings, and each roller being capable of an adjustment without disturbing or varying the position of an adjacent roller in any manner whatsoever. This court accepted the contention so made.

It is obvious that no such independent transverse adjustment can be given to the end to end rollers constituting the rotary wall members of the grader of the Strain Re-Issue Patent and called for by claims 1 and 10 thereof, unless the rollers are mounted absolutely independent of each other, and unless they are so mounted as to revolve independently of each other. If the rollers rotated in unison, that is, one roller connected to the other roller throughout the length of the fruit grader so

that the motion of rotation of one roller was transmitted to its adjacent roller, it would impossible to independently adjust one roller transversely toward and from the fixed member of the fruit grader, without disturbing the position of its adjacent roller connected thereto.

Appellee's counsel urged before this court on appeal that the distinction which we have above referred to differentiating the fruit grader of the Strain Re-Issue Patent from the California grader of the prior art. Counsel stated in his opening brief on appeal, page 11, the following:

“The distinct feature of Mr. Strain's invention was the principle of using to form the grading opening, *an independently mounted roller for each sizing or discharge opening and mounting each roller so as to be independently adjustable to and from the longitudinally moving belt.*”

Again on page 15:

“It is not claimed that there was any novelty *per se* in any one of the mechanical devices utilized by Mr. Strain. His invention resided broadly in the use of *individual rollers, each mounted independently adjustable toward and away from the carrier belt.* This was the inventive idea conceived and produced by Mr. Strain.”

This court, in appeal case No. 2232, accepted the statements made by counsel for the appellee as distinguishing the grader of the Re-Issue Patent from the graders of the prior art, the court stating (205 Fed. 737) as follows:

“In this state of the art Strain conceived the invention covered by the claims in suit. In effect

it may be described as a modification or addition to the Ish machine, by cutting the roller into as many pieces as there are steps, and *separately* mounting them, all in line longitudinally, *each being independently and transversely adjustable*. More accurately, several short rollers of uniform diameter are arranged in line."

On page 738 the court states, referring to the Parker infringing grader and comparing the same with the grader of the Re-issue Patent in suit:

"As in the Strain invention, the outer wall or side of the grade space or aperture is made up of a short *independent* roller rotating upward and outward to avoid pinching the oranges; also, like the Strain machine, this roller is mounted upon brackets of its own and is *transversely and independently adjustable* at the will of the operator."

On page 739 the court states:

"The defendants have appropriated the plaintiff's invention, the essence of which is the combination with a travelling belt (common to the Ish, Strain and Parker machines) of a series of *independent rotating units* arranged in longitudinal succession parallel with the belt, *each transversely adjustable*."

It will thus be seen that the appellant's device was held by this court to be an infringement of appellee's patent fruit grader by reason of the fact that each of the series of individual rollers constituting the rotating wall member of the fruit grader was *independently adjustable* transversely toward and from the fixed member of the runway and the end to end rollers were *independently rotat-*

able one with respect to the other, each of the adjustable and rotatable rollers being mounted in *independent* brackets of its own. Under this construction, any one roller or grade unit of the series of rollers arranged in longitudinal succession was adjustable transversely without disturbing the position of an adjacent roller, and adjusted in the same manner as the individual rollers of the grader of the Re-issue Patent.

To construe or hold the new grader manufactured and sold by the defendant Parker since the entry of the interlocutory decree in this case to be an infringement of the fruit grader of the Strain Re-issue Patent in suit, it is necessary to find in the said new grader the elements of the patented grader of the Re-issue Patent, and that such elements are arranged in the same manner as the corresponding elements are arranged for operation in the machine of the Re-issue patent; or in other words, we must find in the new machine a series of *disconnected* rollers or rotating sizing units, and these units must not only be *transversely* adjustable toward and from the fixed member of the grader runway, each of the said rollers must be *independently* and individually adjustable toward and from the said fixed member. Further, each roller must be mounted in *independent bearing brackets* and the arrangement of the said rollers or rotating sizing units is required to be such that one roller or grading unit may be rotated and shall rotate *independently* of each and every roller or grading unit of the series of rollers, arranged in longitudinal succession.

The Master described the appellant's new machine placed on the market since the rendition of interlocutory decree, as the Rialto California sizer, stating, commencing at the bottom of Record page 290:

“The manner of separating and adjusting the roller side of the runway of said grader is not such as to permit in any manner of individual adjustment of separate grade openings formed by the roller surface and the belt, and in this respect the machine corresponds to the California grader referred to in the record in this case.”

Appellant Parker testified that his new device is the same in operation as the California grader of the prior art; that is, his new grader consists of a fruit runway formed of a fixed guide member and belt for propelling the fruit through the grader runway, and a series of roller sections arranged in longitudinal succession and parallel to the fixed member of the runway, which sections the witness testified are connected one to the other to revolve in unison in exactly the same manner the connected roller sections of the California grader were and are connected. He further testified that these roller sections were not mounted in *independent bearings* brackets, as the individual rollers of the Strain patent are mounted, and that the roller sections are not *independently adjustable* transversely toward and from the fixed member of the fruit runway, as under said patent; but, on the contrary, as the series of roller sections are united or coupled one to the other to rotate in unison, it is impossible to adjust one roller section transversely without ad-

justing or varying the position of an adjacent roller section. Witness further testified that these roller sections, being united or connected one to the other, are all driven in unison from power applied to one of the end roller sections. He further testified that the roller sections were not mounted in *independent adjustable bearings*. According to the testimony of the witness Parker, the new fruit grader differs from the fruit grader of the Strain Re-issue Patent in the same manner and to the same extent as this court differentiated the fruit grader of the Strain Re-issue Patent from the California grader of the prior art.

If the testimony of complainant Stebler, and to which we have before referred, is correct; that is, that in the California grader of the prior art the rotating wall member thereof comprises a *single roller* consisting of a series of united roller sections, then such testimony applies with equal force to the new grader manufactured and placed on the market by appellant Parker, and upholds and supports the testimony of said appellant given in connection with the new machine, held by the Master to be an infringement. Appellant is thus upheld, not only by the testimony given by appellee Stebler in the main case, but he is supported in the present case by appellee's expert witness Knight, and by appellee Stebler, when giving affidavits in Equity Suit A-92, entitled Fred Stebler versus George D. Parker and Pasadena Orange Growers Association, commenced in the District Court, Southern District of California, Southern Division since this case was re-

ferred to the Master for an accounting and which said affidavits were considered by the Master as introduced into the present case under accounting.

When instituting said action No. A-92, appellee herein considered and treated the appellant's new machine as being a machine, the rotating wall member of which consisted of a *single roller* extending the full length of the grader, and so considered the rotating wall member of the appellant's new grader for the purpose of charging the same to be an infringement of United States Letters Patent No. 775015 granted Thomas Strain under date of November 15, 1904, for an improved fruit grader. These letters patent have been introduced in evidence as "Defendant's Exhibit 7," Record Page 261, and by reference thereto the court will observe that the rotating wall members of the fruit grader consisted of a single rotating rod extended the entire length of the grader and referred to in the letters patent by reference numeral 20.

For the purpose of identifying defendant's new sizer or grader with the sizer or grader of the said Thomas Strain Patent No. 775015, appellee's expert witness Knight stated, in making his comparison between the appellant's new grader and the grader of the said Thomas Strain letters patent, as follows:

"In both machines there is provided means for retaining the fruit on said belt, such means differing in defendant's machine from the particular type shown in the drawing of the said Strain patent only in size and material, but not in function or in mode of operation; such means in defendant's machine comprises a series of wooden

rollers, so mounted as to constitute a single roller for the length of the machine.” (Page 4 of the affidavit.)

Appellee Stebler, in his affidavit given when applying for a preliminary injunction in said Equity Suit No. A-92, upholds the statement of expert witness Knight and, in addition thereto supports appellant Parker’s testimony that the adjustment of one roller varies the position of an adjacent roller, stating as follows, relative to the supporting brackets for the roller sections of the Parker device, viz.:

“The arrangement of these adjustable brackets, however, is such that adjusting a single bracket adjusts or moves the ends of two abutting rollers, as a single bracket carries the pintle of two adjoining or end to end rollers which in effect throws such adjoining rollers out of their natural and true alignment.”

We thus have appellee’s own expert witness Knight giving testimony that in the appellant Parker’s new machine or sizer the rotating wall member thereof consists of a single roll, due to the fact that he considers the series of roller sections united one to the other to rotate in unison, as constituting a single roll. And we have appellee Stebler testifying that you cannot vary the adjustment of one of the bearing brackets for the roller sections of the continuous roller, without it adjusts or moves the ends of two abutting rollers, “which in effect strain such adjoining rollers out of their natural and true alignment.” We must give full credence to such testimony, coming, as it does, from the appellee Stebler

and his expert witness Knight, and, giving full credit thereto, we find that the appellant's new machine differentiates from the device of the Strain Re-issue Patent in precisely the same manner in which the said patented machine was differentiated, not only by complainant's counsel, but equally so by this court, from the California grader of the prior art.

If this be true, and we respectfully submit that it is, the same differences which were urged to take the grader of the Strain Re-issue Patent from the prior art to save the same from anticipation, must apply with equal force to take the appellant's new machine from within the protection afforded by the Strain Re-issue Patent.

The affidavit of Thomas Strain, filed in Equity Suit A-92, in opposition to complainant's affidavit for a preliminary injunction, stated in connection with the appellant's new grader, as follows:

“That the grade runway of the apparatus being installed by the said George D. Parker, and alleged herein to be an infringement of the claims specified in the bill of complaint of the two letters patent mentioned, has a grade runway *conforming in all respects with the grade runway of the old California fruit grader*, which mentioned California fruit grader has been on the market and in use in the packing houses within and throughout the Southern District of California for a period of more than ten years last past; the use of the said machine dating from at least the year 1898.”

Mr. Thomas Strain, Jr., in his affidavit given on behalf of appellant in opposition to the affidavit

filed by complainant for use on preliminary injunction in Equity Suit A-92 states:

“That the fruit grading apparatus being now installed by the said George D. Parker in the above mentioned packing house, conforms in all respects to the fruit grading apparatus known in this district as the California fruit grader or sizer, which California fruit sizer has been in use in the various packing houses in the Southern District of California ever since at least as early as the year 1898, and many of which are in use at the present time in the various packing houses.”

Appellant Parker testified on the accounting that the new grader in use at the Riverside Heights Orange Growers Association is the same in all respects, so far as concerned the arrangement of the roller sections, as the machine which was being built by him for the Pasadena Orange Growers Association at the time the affidavits of Mr. Knight, Mr. Stebler, Mr. Thomas Strain and Mr. Thomas Strain, Jr., were given.

We contend that the Master could only have found the Parker new machine to be an infringement of the grader of the Strain Re-issue Patent by enlarging or expanding the decision rendered by this Court in case No. 2232, and on which decision the decree of the lower court is based; and we further submit that the Master was inconsistent in his description of the said Parker new machine.

In his report, record 287, the Master states, relative to the appellant's new machine which he had observed in operation at the packing house of the

Riverside Heights Orange Growers Association that the same comprised or consisted of:

“A combination with a traveling belt (a canvas belt of about eight or nine inches in width, slightly raised in the center to force the oranges against the side wall of the machine, being used in these instances), upon which the oranges are dumped and carried forward on the belt, *with a series of independent rotating units of about 45 inches in length*, placed end to end and arranged in longitudinal succession parallel with the belt, each transversely adjustable.”

If this is a correct statement of the defendant's new machine, it is at variance with the testimony of appellant Parker and with the affidavits before referred to of expert witness Knight, appellee Stebler, and of Thomas Strain and Thomas Strain Jr., and it is in conflict with his subsequent statement on same page, reading as follows:

“The rolls constituting the rotating wall of the grader are connected one to the other for the purpose of rotation, and they are driven in unison from power positively applied at one end.”

We thus have one statement or description of the alleged infringing machine as to the rotating wall member of the new machine consisting of a series of independent rotating units, coupled with the inconsistent statement that the rolls constituting the rotating wall of the grader are connected one to the other for rotation, and that they are driven in unison from power positively applied at one end.

If the roller sections of the rotating member are

connected so as to be driven in unison, they are united in the same manner as the roller sections of the old California grader were united, and if so united, they cannot constitute independent rotating units, for there can be no independence as to rotating units if the units are united to rotate in unison. Either the Master did not understand the construction and operation of the appellant's new grader, or he has given an inaccurate description of the same in his report. It is our duty to take the conflicting statements and assume that one to be correct which is reconcilable with the testimony given, which is that the roller sections are not independent rollers, but roller sections connected one to the other for rotation in unison, and that, being non-independent roller sections, they are not independently adjustable and not independently rotatable, and which testimony conforms with the Master's statement that the roller sections are driven in unison.

If the new machine being manufactured and sold by appellant has not power applied for rotating each roller section independent of the other roller sections, nor are the sections independently rotatable, it cannot be said to have individually rotating and independently adjustable roller sections. However, the Master assumed for the purpose of making out a case of infringement that it was immaterial whether the roller sections are connected one to the other and are driven in unison by power positively applied at one end of the series, or whether the rollers are independent of each other individually and independently driven, stating in this connection as follows:

“The modified device is a series of end to end rollers all so connected that they are positively driven from the roller at the head end of the machine, while in the Strain Re-issue Patent each roller is driven by a separate belt from a common shaft. The function in regard to the rotation of the rollers is the same in each case since they all rotate together in either case. Practically, inasmuch as these rollers are all so connected that they rotate together they constitute a single roller.”

The Master in thus enlarging the decision of this Court rendered in appeal case No. 2232, has given a construction to the patented machine never contemplated by this Court, and in opposition to appellant Stebler’s testimony that the grader of the Strain Re-issue Patent differed from the California grader of the prior art in the fact that the California grader consisted of a single roller composed of a series of end to end roller sections, connected one to the other for rotation in unison; whereas, the roller member of the machine of the Strain Re-issue Patent consisted of a *series of independent rollers*. The only real distinction between the California grader and the grader of the Strain Re-issue Patent resided in the fact that the transversely adjustable rollers of the Strain device were not connected one to the other for rotation in unison, while in the California sizer they were so connected. This Court accepted the distinction so made *and it is not now within the power of the Master to find that the very distinction created by the Circuit Court of Appeals between the fruit grader of the Strain Patent and the California grader of the prior art, is an imma-*

terial distinction. It was the duty of the Master to accept the decision of this Court as he found it, and not endeavor to construe the decision to meet a different state of facts and give unto the complainant herein the machine of the prior art.

Seemingly, the Master was seeking for the function performed by the respective machines, but it is obvious that the function of each of the machines is to grade or size fruit, and such was the function of all of the fruit graders of the prior art. It is not a question whether the result of the operation is the same in each case, but such, apparently, was what the Master had in mind, and having found the result the same, that is, the sizing of fruit, held the new machine to be an infringement. In this he was wrong, for infringement is not made out by comparing the functions of machines, unless the same elements and arrangement of working parts are carried out.

“If the combination of a defendant shows a mode of operation substantially different from that of the complainant, infringement is avoided even though the result of the operation of each is the same.”

Brammer vs. Witte, 159 Fed. 726.

Brooks vs. Fiske, 15 How. 211.

Union vs. Battle Creek, 104 Fed. 337.

Cimiotti vs. American, 198 U. S. 399.

In the present case there has been introduced before the Master on behalf of defendant a photographic exhibit of the California grader installed

and in use in the Rialto Packing House, Defendant's Exhibit 3, 4, 5, Record pages 254, 255, 256, which disclose a fruit grader, the rotating wall member of which consists of a sectional roller extended the entire length of the machine, and said roller member comprises a series of roller sections arranged end to end and mounted in adjustable bearings. These bearings support the ends of two adjacent roller sections and the construction and operation of the same is such that if transverse adjustment is given to one roller section to move the same toward and from the opposing fixed member of the fruit runway, it moves therewith the adjacent roller section. The construction and operation of this California grader is the same as that of the Parker new grader and the said Rialto grader is correctly described by the Master, Record page 290, wherein the Master held the Parker new machine to be similar in construction and operation to the said California grader in the Rialto Packing House.

As before stated, this California grader, according to the evidence, was licensed by the complainant herein under the Ish patent, owned and controlled by complainant Stebler, likewise owner at such time of the Strain Re-issue letters patent, and said grant of license unquestionably established that at the time of its grant the complainant herein considered said machine to be one of the California graders of the prior art. It does not differ from any of the California graders of the prior art except that there is a roller section for each grade of fruit to be sized. However, the arrangement of the roller sections and

the connection of one to the other and the manner of supporting the roller sections in the adjustable bearing brackets is identical in all respects with the corresponding arrangement of the roller sections of the well-known California sizer, and this Rialto machine differs from the grader of the Strain Patent in suit in the same manner as appellee Stebler differentiated the machine of the Strain Re-issue Patent from the California grader; that is, the said Rialto California grader consists, so far as relates to its rotating wall member, of a single roller extended the full length of the machine, said roller comprising a series of roller sections united one to the other so as to be driven in unison from power positively applied at one end, neither of the roller sections being *independently* and *transversely adjustable* and *independently rotatable* with respect to the other roller sections; that is to say, one roller section of the rotating wall member cannot be adjusted or moved toward and from the fixed member of the runway without disturbing the position of an adjacent roller section, and this distinction applies with equal force between the new grader manufactured and sold by the defendant Parker and the grader of the Strain Re-issue Patent.

Complainant's expert witness Knight had no difficulty in identifying the Rialto California grader as a California grader of the prior art for, in testifying on this subject, Record page 126:

“Q. 31. Were not the rollers of the grader about which you gave the affidavit, and are not the rollers of the new grader which you examined today (Rialto Grader) connected one to the

other in substantially the same manner as the rollers of the Ish patent, or what is known as the California sizer, were connected? You understand in my last question what is meant by the Ish, Mr. Knight?

“A. Yes.

“Q. 32. I will ask you to answer the question with that understanding of the Ish patent.

“MR. ACKER: I mean by the ‘California grader’ that grader which was referred to in the testimony in the suit to which the present accounting is being directed and as to which you testified in said suit.

“A. In the Ish grader shown in the original patent there was really only one roller provided with a series of steps, but in the California grader there is, for example, at the Rialto Packing House—there are several rollers which are end to end and which are connected to rotate together. In so far as this connection to rotate together is concerned, the construction of this California grader is similar to that of the two types of machine at the Riverside Heights Packing House.”

The witness was not asked concerning the Rialto grader but as to the California graders known to him at the time he gave his testimony in the main suit, and in answer to the same and for the purpose of explaining his knowledge of the California grader, he identified the Rialto grader as a California grader of the prior art. The witness’s testimony accords with the balance of the testimony in the present case, that the Rialto grader is the same as the California grader of the prior art, and it was so recognized by complainant Stebler when granting a license for the use of the same under the Ish patent of 1891.

The Master in the present case made no effort to determine whether or not the Parker new grader fell within the terms of claims one and ten of the Strain Re-issue Patent, but simply based the question of infringement on an interpretation placed by him on the decision of this Court in appeal case No. 2232, and which interpretation we respectfully submit is erroneous.

In appellant Parker's new grader we do not find a device conforming to inventions of the combination claims 1 and 10 of the Strain Re-issue letters patent.

Claim one calls for a plurality of independent transversely adjustable rotating rollers. According to the Master's own report the Parker new grader does not have in its combination a *plurality of independently transversely adjustable rotating rollers*, for the connection between the roller sections is such that one section cannot, according to his own statement, be adjusted without adjusting an adjacent roller.

Again, there is no movable grooved guide lying parallel with the plane which passes vertically and longitudinally through the center of the rollers, due to the fact that the roller sections are tapering in front and therefore no plane which passes through the center of the said roller sections could lie parallel with the non-movable grooved guide.

Again, the roller sections of the series of connected roller sections are not *independently rotatable*, inasmuch as they rotate in unison. A fruit grader conforming to the description, given by the

Master, of the Parker new machine would not conform to Claim Ten of the Re-issue Patent, as it would not have a runway composed of two parallel members, one of the said members consisting of a *series of end to end rolls, brackets carrying the rolls, and guides for the brackets*, inasmuch as the said device does not disclose end to end rolls with brackets carrying the rolls in the same sense as they have been construed by this Court to be *independent adjustable rollers with independent brackets* for each roller of the Strain Re-issue Patent.

The Master, throughout his decision, completely ignored the construction given to said claims One and Ten of the Strain Re-issue Patent by this Court and equally so the interpretation placed thereon by appellee Stebler to differentiate the same from the California graders of the prior art.

In the present case this court held the Strain Re-issue Patent not to be a pioneer invention; therefore, the patent claims are not to be given that liberality which attaches to a basic invention.

“The case is one where in view of the state of the art the invention must be restricted to the forms shown and described by the patentee. He was not a pioneer; he merely devised a new form to accomplish these results.”

Duff vs. Sterling, 107 U. S.

“Where the state of the art shows prior devices limiting the scope of the invention, the claim must be strictly construed.”

Newton vs. Furst, 119 U. S. 373.

From a careful reading of the Master's descrip-

tion of the Parker new grader, it is evident that the said grader does not contain grading rollers which are *separately mounted*; neither does it contain rollers arranged in longitudinal succession, "each being independent of the other and each transversely adjustable"; neither does the said description portray a machine containing *independent grading rollers each independently adjustable* and each "*mounted upon brackets of its own.*" For, according to the Master's own description, the roller sections are not *independently mounted*; they are not independently rotated; they are not *independently adjustable* with respect to each other; nor are they mounted upon *brackets of their own*. The said machine thus fails to embody the very elements which differentiate the device of the Strain Re-issue Patent from the devices of the prior art; in short, appellant Parker's new machine is a step backward in the art, and since the entry of the interlocutory decree in this case he has proceeded to manufacture and place on the market the *California grader* pure and simple, which machine is generically the said California grader of the prior art.

The Rialto grader is the California grader of the prior art, as is readily determined by comparison with the Jameson California grader. It is the California grader, according to the testimony of appellant Parker, and even without the testimony of Mr. Parker, it is the California grader under the testimony of appellee's expert witness Knight, and under the affidavits of said witness Knight, the appellee Stebler, Thomas Strain and Thomas Strain,

Jr., as set forth in the affidavits in the case of Equity Suit No. A-92.

We respectfully submit that our assignment of errors 1, 6 and 7 are well taken.

Our 5th assignment of errors is directed against the allowance to appellee Stebler of the sum of \$2340.20 in addition to the sum found by the Special Master to be due unto the appellee as combined damages and profits.

It is only in that class of cases wherein the defendant has wilfully and deliberately violated the injunctive order of a court, that the court will inflict a penalty for the act complained of, if found to be a violation of the injunctive order.

We submit that in the present case no testimony contained in this record, nor any act disclosed on the part of appellant Parker can justify a finding that the said appellant Parker deliberately or wilfully disobeyed or disregarded the injunctive order of the lower court. On the contrary, the proofs disclose that the said appellant Parker was endeavoring to avoid the doing of any act which could be construed to be a violation of the injunctive order. He discontinued the manufacture and sale of the infringing machine and proceeded to place on the market an apparatus of that form and construction which fell within the well known California sizer of the prior art. In his search for a form of sizer open to him to place on the market, his attention was directed to the Rialto sizer, which sizer, as we have before pointed out, was licensed by the appellee Stebler under the Ish Patent No. 458422 and licensed

by him at a time when he was the owner also of the Strain Reissue Letters Patent. Feeling sure, by reason of the expiration of the Ish patent, and under advice of counsel, that the Rialto constructed device was not a violation of any rights then existing to appellee Stebler, he proceeded to manufacture and place the same on the market. Inasmuch as appellee Stebler by the granting of his license to the Rialto packing house gave information to the public at large that the same fell within the protection of the Ish patent, and no other patent owned or controlled by him at the time of the issuance of the license (although then the owner of the Strain Reissue Letters Patent), he cannot, with good grace, complain at this time that one member of the public elected to continue the manufacture and sale of the said Rialto sizer, after the expiration of the said Ish Letters Patent No. 458422, which expired August 25, 1908.

As before pointed out, counsel for appellee Stebler did not consider or treat the Parker new device as being an infringement of the Strain Reissue Letters Patent, for the record discloses that suit was instituted against the said Parker and the Pasadena Orange Growers Association for infringement of the Thomas Strain Letters Patent No. 775015, patented November 15, 1904, defendant's Exhibit No. 6, and wherein the rotating wall member for the fruit runway is disclosed as a continuous rod or shaft extended from one end of the machine to the other. In order to bring the appellant's new sizer or grader within the terms of the said Strain Patent No. 775014, appellee

Stebler and his expert witness Knight gave affidavits for use on preliminary injunction contending that in the Parker new sizer the rotary wall member comprised a *single roll* extending from one end of the machine to the other, in contra-distinction to the rotary wall member of the Strain Reissue Letters Patent consisting of a series of *independently* and *individually* adjustable and *independently* and *individually* rotatable rolls.

We respectfully submit that there was no justification in this case for the lower court to increase by the sum of \$2340.20 the amount found due by the Master unto the appellee as combined damages and profits, by reason of the manufacture of the new sizing apparatus.

We submit that it is a plain case of abuse of discretion. Penalizing an infringer by increasing the damages is seldom resorted to. It surely should not be done, where in a case like this the alleged continued infringement is open to such serious debate, that, in reality, the question should have been determined by a new suit, or by a supplemental bill, or, at least, by contempt proceedings, and not decided by the Master on an accounting, wherein but limited opportunity is given for the introduction of the proof required to establish the fact. Under such circumstances, we submit, the Court below was not warranted in accepting the conclusion of the Master upon the new alleged infringement, with such freedom from all doubt, as would justify the imposition of the penalty.

We submit that our assignment of error No. 5 is well taken and should be allowed.

In support of our assignment of errors directed to the lower court in sustaining and approving the Master's report in its entirety, we respectfully submit that if any of our other assignments of error is well taken, then this assignment of error should be allowed.

Respectfully submitted,

N. A. ACKER,

Solicitor and Counsel for Appellants.